rate (assuming 30 million households); the upscale demographics of the potential users; the technological advances in computer graphics and the quality of a normal tv video image; and the time it would take advertisers and the marketing community in general to transfer funds from one media form to NEM," Mr. McLaughlin said.

In further expanding upon the $8-10 billion advertising revenue, McLaughlin stated that this depended upon advertisers recognizing NEM as a viable alternative to other media choices. Several factors would be involved. The first is technology. As computer graphics improve and take on the normal tv quality that is most familiar to consumers, the power of NEM's advertising potential could grow. In initial stages, practical advertising would most likely be of "yellow pages quality" but updated more frequently and linked to the purchase of a product. Advertisers would most likely view NEM as a very attractive opportunity on a local level.

"And while $10 billion may not appear awesome when one looks at historic advertising growth over the last five years," McLaughlin remarked, "it could represent a significant portion when you realize what advertising dollars could be ten years from now."

The Booz-Allen study was the most extensive of any conducted thus far. Companies including AT&T, Atari, Chase Manhattan, IBM, Xerox, and CBS paid $2.5 million to fund it. Over a 2-year period, Booz-Allen surveyed 700 families in Columbus, Denver, New York and San Diego, testing a prototype home information system that offered 15 services. The most popular were household budgeting, personal calendars, games, education, banking, shopping, travel reservations, electronic messages and home security (burglar and fire alarms).

The advantage for many consumers participating in the Home Information Systems test was the time and convenience that could be gained. Most important, there was little balking at the price for a basic package ranging from home banking and shopping to monitoring burglar alarms: at $15 a month, two-thirds of the participants said they would sign up for the service. Others were willing to pay 3 times as much to obtain all the services.

North American Text & Graphics Segment System Operator Revenues

Year	User Revenues	Advertising Revenues	Transactional (order fulfillment)	TOTAL
1984	10.8	1.8	.105	12.7
1985	32.4m	8.4m	.6	41.4
1986	81.6m	26m	2.1m	109.7
1987	153.6	60m	7.85m	221.45
1988	242.4m	108m	24.8m	375.2m

Courtesy of Link Resources

The projection shows substantial projected growth by 1988.

While McLaughlin concedes that HIS may not appear on the surface to be a large enough opportunity to have major companies "stop what they're doing" in relation to their main lines of business, there are several services which could propel videotex usage. These range from learning and home financial management, to security services and entertainment.

From a revenue standpoint, he believes that advertising and shopping will be at the forefront. But from a technological standpoint, Mr. McLaughlin surmised that advertising and shopping could be last: ". . . because they're so sophisticated and require a normal tv image on demand.

Link Resources, a market research firm, has made a more conservative forecast over the next five years. Assuming different revenues and expenditures based on the varying sizes of videotex systems for certain benchmark user populations of 10, 25, 50, 100 and 250 thousand, Link's model forecast the following: by 1988, 250,000 users would account for $12 million in equipment revenues, $15 million in telecommunications revenues and $8 million in advertising.

Table four shows revenues to system operators. (System operators are those who run the host computer, bill subscribers, sell advertising or services. Viewtron is an example.) By 1988, system operators could derive a total of $375.2 million from the following services: $242.4 million from user revenues; $108 million from advertisers; $24.8 million from the percentage charged to a merchandiser for fulfilling an order.

Strategic reasons

While there are very few households in the United States with videotex and teletext services, several companies are convinced of the market's potential. As a result, they are testing their own forms of service packages are aimed at the home user. As industries, their reasons divide along offensive and defensive strategies.

The financial services industry has an offensive strategy. Banks and brokerage houses want to provide new value (convenience, bill paying services) and new geographic reach, which is especially important in electronic funds transfer to their customers. Paper-based banking is becoming more and more expensive and electronic banking is a means of reducing the expense of processing checks and speeding up the collection of funds. Brokerage houses are seeking ways to become more valuable to their customers by distributing financial market information, providing an electronic mail feature with one's broker, offering an on-line link so that a customer can check the status of his account.

Telecommunications suppliers such as AT&T and IBM recognize that computers, terminals and networks will be interested in delivering these services and have taken a more offensive strategy.

Mark Plakias, director of research for Link Resources, questions, "To

what extent do they want to get into software and the creation of content to promote the sales of their technologies? AT&T has made a significant contribution to Viewtron and demonstrated its willingness to invest considerable sums of money in fostering the creation of a database in order to sell it technology. Will IBM take that kind of approach? It's not a consumer based company. When it introduces the Peanut at around $600-800, then it will have a consumer product on its hands. Will this drive IBM to consider videotex for the home?"

Peter Grimm Jr., program manager for Videotex Evaluation of IBM's National Accounts Division, gave some insight into that question. "Viewtex needs computers and we need to understand what uses we need to make of computers. Our customers expect us to have a solution for this."

IBM sees the corporate videotex user, the business person for whom timely information is critical in the daily operation of a business, as its primary market. Companies need basic communications within their organizations such as bulletin boards, electronic mail, messaging, order entry for customers through catalogs, and those internal manuals such as personnel policies, benefits and organizational directories. As far as the home user market, Grimm feels that the personal computer may help to foster home use of videotex, but did not offer thoughts as to the impact that the Peanut could have on the videotex market.

Electronic publishers could be viewed as taking a more defensive approach. Some are capitalizing on an existing product base while others are creating or including new products for NEM. For example, Dow Jones is leveraging its considerable base in *Barrons, The Wall Street Journal* and the information it receives from the stock exchanges and offering financial information to its subcribers. Knight-Ridder, on the other hand, is positioning itself as an information company and packaging all types of services such as home banking and home shopping, as well as news, on its system. Newspapers are in mature markets and envision a possible erosion of advertising revenues. "If more households go on line, then circulation will decline and cause lost advertising revenues," McLaughlin stated.

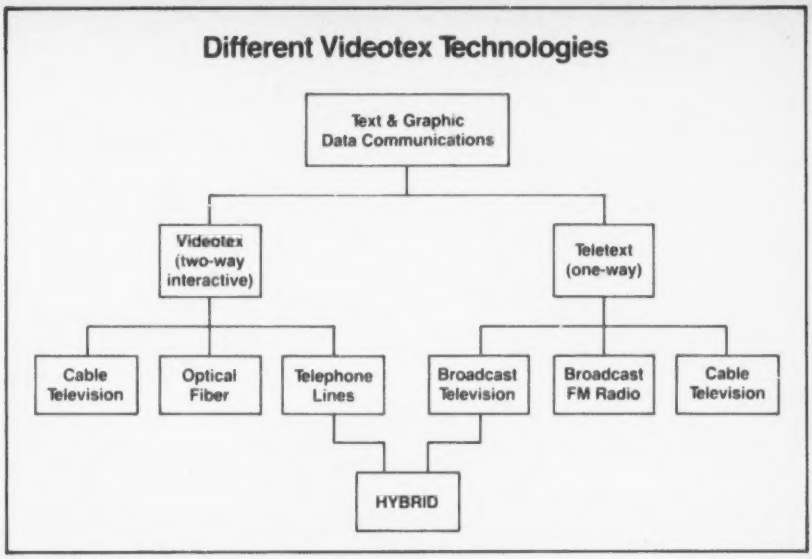


Diagram for videotex technologies shows how the various transmission systems can be utilized in the transmission of information.

Larry Pfister, vp, Time Video Information Services, described Time's strategic reasons. "Time implicitly has roots in publishing and felt it should become involved with electronic publishing — any way to expand its editorial. Also, Time is consumer-oriented with broad appeal and a mass audience which is evidenced in its publications such as *People, Discover* and *Time*."

Abbot Ezrilov, vice president of Sales for Videotex America, Times-Mirror, said, "We want to get a feel for the impact videotex could have on Times-Mirror properties, to what degree, and see what we do about it. We believe videotex will come and we really need to understand its impact. So little research was available that a number of questions had to be answered. So we decided to find out with our own investment."

Retailing through direct response could benefit by the home services of videotex, and as such, some major retailers are taking an aggressive posture. JC Penney and Sears seem to be aiming at the gray area between retailing and financial services. American Express is participating in the Viewtron trial, offering products and services that are generally handled through direct marketing programs to its cardholders. Travel related services, travel packages and card status services are available. Customer access to money accounts and brokerage services via Shearson was recently announced in the June 20th issue of *Bank Letter*.

Videotex tests

There are several trials being conducted in videotex and teletext services. This section will focus on videotex tests, highlighting those that industry experts are closely monitoring.

In financial services, Chemical, Citibank and ADP (Automated Data Processing) are experimenting with banking services using interactive videotex. Chemical's Pronto System, which will be licensed to other banks, offers its customers account status information and a bill paying service. It intends to offer investment information, a stock trading service, news, catalog shopping, airline guide.

Citibank's HomServe provides account information, bill paying and cash through pre-signed travelers check. (One of the hurdles in home banking has been how to get cash and Citibank appears to have solved that problem.) Citibank plans to offer financial information, tax services and home shopping.

ADP is relatively new to videotex. A success story in the computer services industry, having built its reputation on payroll processing, it has decided to test a nationwide home banking project. It provided the network

support for the home banking component in Venture One. SRI devised a market research plan for ADP to recruit 20 medium-sized banks and involve them in HBI, or Home Banking Interchange. In first quarter 1984, these banks will be on line in a pilot test using ADP software and networking. If results prove out, then ADP may go into a commercial phase in 1985.

These financial services focus on the upscale consumer for whom time and convenience are critical and who are willing to pay for these services.

CompuServe's subscribers can choose any of a host of services: financial information, banking, games, weather, shopping, newspapers and bulletin boards. The Source offers news, consumer tips, games, travel, shopping, bulletin boards and stock quotes. NewsNet provides access to over 80 newsletters on various topics. Its computer will find articles on a particular subject for a user and subscribers receive a listing of pertinent new articles in its database.

In publishing the major players are Dow Jones, Times Mirror, Knight-Ridder and Time, Inc. Dow Jones provides its 60,000 subscribers with business and economic news, stock quotes and investment information.

Times Mirror's Videotex America offers over 70,000 pages of content on line in a comprehensive home information service package. It includes games, shopping, product information, news, sports, electronic mail, household tips, education, and bill paying. Having tested the service in 350 homes in Mission Viejo and Rancho Palos Verdes, Times Mirror plans a national roll-out in the spring of 1984, beginning in California.

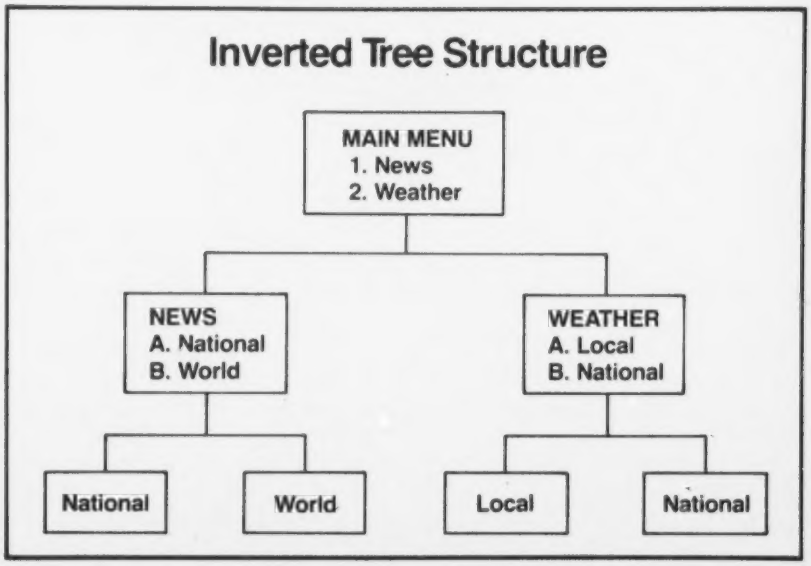
Abbot Ezrilov, vice president of Sales for Videotex America, said, "We plan in three years to be in 18 cities either by ourselves or in joint venture with partners such as the leading newspapers in those cities." Times Mirror is also testing different pricing schemes. And because the audience is very upscale, Ezrilov believes this select base of consumers will be of great interest to advertisers. In addition, the system can monitor purchases of a product and offer a direct vehicle for market research and advertising effectiveness. "The advertiser can find whether or not marketing, pricing, packaging and advertising worked," Ezrilov commented.

Michael J. McLaughlin, vp at Booz-Allen, believes that videotex could cut sharply into newspaper circulation and revenues.

Knight-Ridder's Viewtron Information Service will provide a host of services: home banking, news, weather, sports, entertainment, education, home shopping, business information, stock quotes, investment information, games, household hints, pet care, travel and health services. The service in the Miami-Ft. Lauderdale area will eventually expand to 15 major cities either on its own or through joint ventures. Knight-Ridder is targeting 150,000 homes in an upscale segment. In addition to testing services, pricing strategies will be monitored to determine the willingness of consumers to pay for videotex. Regarded as a major gamble by industry experts, Knight-Ridder's strategy as an information company is to obtain 25% of its revenues from businesses other than newspapers by 1990.

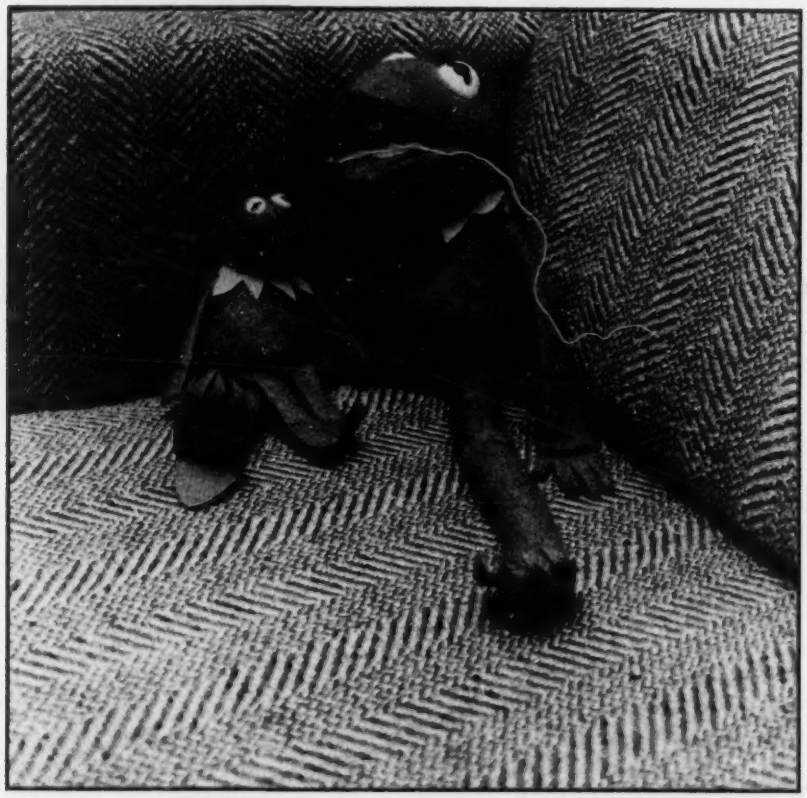
Time Inc.'s Video Information Services division launched a major teletext test in California which will be discussed in detail in the next article. I mention it here as industry experts are closely following Time's experiment. Because Time is a major publishing company with links in cable, and its ability to appeal to more of a mass market, its service could shape the industry. *Vivienne Vilardi*

(First in a series)



Inverted tree structure shows how menu divides into categories.

BRAND REPORT 92:



Heroes take role in toys & games

Toy and game marketers have had to find a way to break out of the traditional children's tv viewing period, Saturday morning and late afternoon fringe. The answer: creation of syndicated media vehicles that feature toy characters as characters in the production. But the traditional media plan is still the mainstay.

The traditional toy industry hasn't been a lot of fun and games lately.

Reports of revenue losses have been rife in the first three quarters of 1983. Companies posting mid-year red ink include Mattel and Hasbro. But that doesn't mean that business has been static across the board.

Electronic merchandise cut heavily into the sales of board games, action toys and hobbies. First it was hand-held games, then tv screen games, and now computer games. But in spite of the marketing and advertising talent and expertise amassed behind computer and console games, some industry observers believe that traditional board games are on the verge of making a comeback.

Meanwhile, licensing continues to be the primary mode for quick recognition and sales in the industry. But even that route is not necessarily a short cut to a child's fancy and parents' purse. Flat sales of Return of the Jedi Action figures indicate that instant

recognition and popularity don't necessarily translate into purchase behavior.

Discounting is also a large factor in retail sales as department stores are underpriced by toy specialty houses, not to mention street vendors who are amply supplied with die-cast miniature cars and trucks.

The strongest category in the field has been dolls, particularly the collector doll segment, as retailers have found soaring interest in dolls selling in the $75 to $100 range.

And a possibly disturbing sign of the times is the revival of interest in military action toys, as Hasbro's G.I. Joe makes a strong comeback.

Media expenditures for toys and games, excluding the electronic category, didn't accelerate much in 1982, climbing from $218 million in 1982 to $227 million last year, about a 5% increase.

The toy and game business is a perishable package goods arena. Some games and toys are particularly seasonal and have a short shelf life. Consider the rise and fall of Rubik's Cube. But others, such as Monopoly and Clue, are steady sellers year after year.

Glen Hastings, president of Mattel toys, sums it up this way: "Toy firms are product-driven companies. We can't be late and planning is extremely critical. We've bought time, and the idea is to have zero inventory on December 26.

"The package goods industry, by contrast, is more market research driven. They put new products into mature markets with very little risk. Everything is done by the numbers and all percentages are known. We can't operate that way. But that's what makes the toy industry so exciting."

While toy and game advertising is often believed confined to the Saturday morning television ghetto and afternoon fringe, more diversification exists in toy marketing and media plans than would be expected.

Magazines and supplements play a supporting role in many media plans, while radio and outdoor get virtually no play at all.

Most toy advertising is aimed at the pre-teen audience. Toy advertisers are out to sell the child, who then sells the parent.

MEDIA EXPENDITURES FOR GAMES AND TOYS IN 1982

Brand	Total	Magazines	Supps	Network tv	Spot tv
Schaper	6,140,300			3,504,200	2,636,100
Ideal	12,140,500			2,174,100	9,964,400
Coleco	4,063,300			564,800	3,498,200
Kenner	23,871,200	217,100		16,121,900	7,532,200
Parker	13,007,900	606,400		5,272,600	7,128,900
Hasbro	14,160,300	926,300		1,927,300	11,309,400
Lego	5,503,300	730,500		4,446,500	326,300
Mattel	36,131,000	3,483,900		24,801,900	7,845,200
Bradley	20,791,800	9,100		7,031,900	13,750,800
Price	10,058,400	5,042,800	264,700	4,640,200	364,000
Tomy	11,735,500	117,900		1,679,600	9,938,000

Source: Leading National Advertisers

Naturally, there are seasonal peaks, coinciding with holiday purchasing patterns, mainly year-end and early spring. Outdoor items also get a strong push in late spring and summer.

Hovering over all this marketing and advertising activity is the admonishing figure of Peggy Charren, and her organization, Action for Children's Television (ACT). Viewed in some circles as the toy industry's wicked nemesis of the north, Charren consistently agitates legislators and regulatory agencies about the quality of programing and advertising to children. But no Peggy Charren dolls have been put on the market as yet.

Mattel

The preeminent spender in the toy and game field, Mattel invests a third more than its nearest competitor, Kenner. Mattel's position in the field rests with a series of toys that have had considerable staying power in the marketplace, the Barbie doll that was launched 24 years ago, and the Hot Wheels line of die-cast model cars that have been consistent sellers in the marketplace for 15 years.

James King, director of advertising services for Mattel, said that the continuing Barbie Doll line is getting the strongest support from the company in fourth quarter. "It's the leader in the fashion doll category. The doll and the accessories have retained their selling strength and get heaviest support in fourth quarter. We are also adding accessories to the line."

The He-man Masters of the Universe figure line is also being given strong advertising support in fourth quarter. Introduced in 1972, it continues to be a solid performer, King said.

A new product from Mattel is Baby Skates, a large doll that skates. This item was introduced in mid-summer. "It is moving well, and will get strong support," King said. Pre-Christmas support started in September and continues through December.

Another new toy line, Poochie, a pink stuffed dog, which has accessory activity sets, was introduced earlier this year. Poochie is getting heavy advertising support, King said.

Mattel also has a pre-school line of toys and educational products, which are advertised in spring and fall primarily to women, who make the purchases.

Stepping back from the particulars, King said, "On overview, we support 45 to 50 products in fourth quarter. Each one has its own budget and media plan.

The budget for all those toy lines was expanded in 1983, King said, and will probably top $40 million before year's end. "We will continue to use network television heavily in fourth quarter. One difference from 1982 is that we will use more spot television that last year." Mattel used network over spot in 1982 at a 3 to 1 ratio.

The reason for the increased emphasis on spot, he said, is "its flexibility that allows us to adapt its use to shifting sales patterns regionally, and it gives us a better fix on local market opportunities."

The network television buy focuses on Saturday morning and includes time on the *ABC Afternoon Specials*. The spot buy focuses on afternoon fringe. The print buy is mostly women's service books to reach mothers for preschool toys, but this year included the new children's magazine *Muppets*, which King characterized as an opportunistic buy.

Kenner

With $23.9 million invested in media in 1982, and an increased budget of $25 million for 1983, Kenner continues to be among the heaviest spenders in the toy category. Kenner's primary strength in the market now comes from the popularity of Strawberry Shortcake figures and the Care Bears. The name is strongly supported in children's programing on network tv on Saturday mornings and local afternoon fringe.

This fall, Kenner adapted a strategy somewhat unusual for toy advertisers, unleashing a media blitz in November that was inescapable in most markets. Kenner ran Strawberry Shortcake and Care Bears spectaculars for five consecutive evenings the week on October 24 in the top 100 markets with this syndicated vehicle. In most markets it ran at 7:30 p.m., but the time did vary depending on clearances.

Kenner is also plugging a contest with a prize of a trip to Hollywood for a family of four, on the *Knight Rider* tv show. The entire Kenner line is being promoted on *Knight Rider*, and entry forms are on the inside of Kenner toy packages.

Meanwhile, Kenner is continuing its association with Saturday morning television shows and afternoon fringe on spot. Last year, network got the bulk of the budget, $16.1 million, with spot getting less than half of that, $7.5 million.

Kenner also purchased time in the *Family Classics* series on network tv — Black Beauty on Nov. 13, Hiawatha, Nov. 24, Beauty and the Beast, Nov. 25, and A Christmas Carol, Dec. 4.

BOARD AND ACTION GAMES: FACTS AND FIGURES

% OF DISTRIBUTION OF UNIT SALES BY OUTLET (1982)

	Discount	Sears Penney Wards	Other Dept.	Variety	Nat'l Toy Chain	A/O Toy	Catalog Showroom	Other
Child's Action	39	6	5	6	16	4	5	18
Child's Board	36	7	8	8	16	4	4	17
Family Action	39	5	9	5	18	6	6	13
Family Board	37	5	9	5	13	5	6	19

Source: NPD Research, The Toy Market Index

CATEGORY SUMMARY (1982)

	Child Action	Child Board	Family Action	Family Board
% Units by age of recipient				
0-11 mos.	1	—	2	—
12-23 mos.	1	—	1	1
2-3 yrs.	15	10	6	1
4-5 yrs.	28	25	19	4
6-7 yrs.	24	28	26	12
8-9 yrs.	16	18	16	18
10-12 yrs.	10	14	22	34
13-17 yrs.	2	3	3	17
18+ yrs.	3	1	5	13
% Planned Purchase	35	38	35	50
Average Price/Unit	$5.46	$4.99	$7.28	$7.12
Units Sales (mm)	14.1	14.9	6.2	14.2
Change vs year ago	−21%	+17%	−47%	−11%
Dollar Sales (mm)	76.7	74.6	45.2	101.3
Change vs year ago	−16%	+57%	−44%	−4%

Source: *Playthings*

Magazines are used to reach parents with sustaining advertisments on a fairly low budget of $217,000. The magazine list is confined to women's service magazines, with *People* magazine being the lone exception.

Kenner is also using rebates in the fourth quarter and premium promotions for its Berries line and Glamour Gals figures. A promotion offer is also being made in fourth quarter in connection with *Star Wars* figures, with the Emperor figure being sent on receipt of proof-of-purchase for four other figures.

Fisher-Price

With its emphasis on infant and pre-school toy lines, Fisher-Price employs a magazine media strategy that is at variance with the rest of the industry. The company is spending in the range of $16 million this year, 75% of it in the fourth quarter.

Lines getting the most support this year, according to director of advertising, Robert Moody, are crib and playpen toys, pre-school basics and a building set called Construx.

Because so many F-P toy lines are pre-school, advertising is aimed primarily at a female adult target audience. "The area and greatest strength of our franchise is in our relationship with parents," Moody said. "Consequently, we use daytime network television and prime access in spot markets." The network buy is mostly in soaps and game shows and some spot syndication, Moody said.

Print also plays a strong role in the F-P marketing and media plan. Last year, the company had the largest magazine expenditures in the category, $5.1 million, and will probably take that distinction this year as well. Consumer print schedules run in the women's service books, the baby books and *People*. The toy and trade publications are also used.

"We've found print to be an efficient way to reach the adult audience," Moody said. The budget

breakout places 40% in print, 60% in television. Some spreads, not a tradition with toy advertisers, will be used this year in the fourth quarter.

A direct mail effort is being utilized this fall with the *Brides* Families package to announce a sweepstakes in the arts and crafts toy category.

Cable is also getting in the plan this year, with a buy on *American Baby*, the program produced by the magazine of the same name. "We're always looking for vehicles like that," Moody said. "You must be aware of changes in the broadcast field and experiment with cable and syndication. So far we use cable and syndication to supplement our basic network daytime buy because that is still the most efficient buy in broadcast and we've seen nothing that changes that position," Moody said.

LEGO

A LEGO system may seem like just one toy, but the company maintains that a LEGO set is a million toys in one. This one product company is not one of the heaviest advertising spenders, but maintains a solid presence in the toy arena.

LEGO comes in four age-segmented versions. Duplo, for pre-schoolers, Universal Building sets, ages 5-7, Legoland, 7-9, and Expert Builder, 9-14.

Data from Leading National Advertisers shows that last year LEGO spent $5.5 million — $4.4 million in network television, $730,500 in magazines and $326,300 in spot television.

This year, the budget has been expanded considerably, as fourth quarter expenditures climb to $8 million alone.

A new :30 spot has been created by SSC&B for fourth quarter to run October through December. It represents an additional $1 million to the campaign according to an agency spokesperson.

Schedule for the new commercial includes *Scooby Doo Mysteries, Little Rascals/Ritchie Little, Pac Man, Benji, The Dukes, Dungeons & Dragons, Charlie Brown, Supercade* and *Bugs Bunny/Road Runner*.

LEGO is also running two commercials from last year, which are aimed at the 18-34 age group, which makes the purchase decision. These run on network, and also in spot in 24 markets, with maximum spot weight going to New York, Chicago, Los Angeles, Dallas, Seattle and Atlanta.

Print gets decreased use this year, with only three vehicles on the list for fourth quarter action: *Parade, Woman's Day*, and *Parent's*. The full page ads will carry a rebate offer.

Ideal

Ideal, the CBS toy division, is having a very active 1983 with introductions of new lines for 1984. Ideal is stongly into licensing, with its Star Wars Return of the Jedi line, and already well established Sesame Street products.

New play environments for 1984 will include the Sesame Street new Big Bird Flyer Gym and a Swing Set with Big Bird flyer ride.

A western motiff is evident with the new Clip-Clop Corral Gym, with Clip Clop, an electronic sound for the

The Fisher-Price Gas & Go Service Center. It fuels your child's imagination.
Children love to make believe. So Fisher-Price created the Gas & Go Service Center with motorized numbers that automatically go round just like on a real gas pump!
There are all the tools your little ones will need to run a full-service gas station, too! A gas cap attaches to toy vehicles by suction, then flips open for the gas nozzle to go in. And to aid in maintenance jobs, there's a play oil can, air gauge, wrench and screwdriver.
The Fisher-Price Gas & Go Service Center. All the tricycles, scooters and little red wagons in the neighborhood will be pulling up for a fill-up.
Fisher-Price
We will protect our good name.
The name Crayola® and the design of the Crayola crayon package are registered trademarks of Binney & Smith Inc. And both are fully protected by United States law.
It is illegal for anyone, without authorization from Binney & Smith Inc., to use the Crayola name or Crayola symbols, or a deceptive imitation of them, in manufacturing, selling, distributing or advertising any product or service to falsely imply a connection with Binney & Smith Inc. and its products.
If you have any questions concerning the Crayola trademark, or if you are aware of any unauthorized use of the Crayola name or symbols, please contact:
BINNEY & SMITH

Fisher-Price and Crayola use women's service magazines to reach parents of pre-school children.

Wonder Horse. Also in that line is the Bronco horse rider swing set.

But major 1983 fourth quarter support is being reserved for already existing and solidly performing lines.

Ideal doesn't spend at the rate of Mattel or Kenner, but holds its own with about $12 million, most of it spent in the fourth quarter. This fall, Ideal is strongly backing its Slam Shifters Cannon Blaster with network and spot television, the Pit Stop Speedway with network tv and spot in the top 10 markets. High Risers Vehicles and Crunch Canyon, with the same media, Erector Construction Systems with spot tv and print in the top 30 markets, Knight Riders, with prime time network tv, Rubik's Race, with spot tv in the top 30 markets, Pop-O-Matic with spot tv in the top 30 markets, Othello (board game) on MTV, Rub-A-Dub Doggie, in network tv and spot, Classic Dolls, with magazines, and Chipmunks with network tv and spot tv in the top 30 markets.

Ideal's Child Guidance and Wonder lines are using cash rebate offers on 29 pre-school and Wondersound toys, ranging from $1.50 to $15. Support for the Child Guidance line includes daytime network and spot tv and a schedule in the baby magazines. The Hello Kitty line gets spot tv and print support with four-color spreads in women's service magazines.

Hasbro

This toy marketer, with a budget in the $15 million range, divides its business into three segments, pre-school, boys and girls toys. Pre-school product advertising is directed to parents through women's service books, afternoon fringe and late night tv. Last year, the print budget came in just under $1 million, the third largest expenditure from a toy marketer. Fisher-Price and Mattel are leading spenders in the pre-school category.

Hasbro weathered a difficult period when its leading boy's toy, G.I. Joe, fell victim to the anti-war and anti-military sentiment that was evident in the country during the 1970's. But the temper of the times has changed again, and G.I. Joe is making a solid comeback. Hasbro's Dan Owen, vp, marketing, indicates that the new downsized G.I. Joe is either the nation's top selling toy, or tied for first place.

"We're very confident about G.I Joe's future, Owen said. "The line consists of 28 different characters which is basically an anti-terrorist group which features ethnic representatives and women. "We have to keep up with the times," Owen said.

The toy had a five-part mini-series which aired in 93% of the country, and will run again in the Thanksgiving holiday period. G.I. Joe gets close to 40% of the advertising budget, Owen said, and is positioned against boys' five to 11. G.I. Joe and other boys' toys are advertised in a mix of network and spot tv running on Saturday mornings and afternoon fringe.

The girls' toy line consists mainly of My Little Pony and Charmkins. Advertising support is basically the same as for boys, network and spot tv on Saturday mornings and in afternoon fringe.

As for selling toys directly to children, Owen said of the Hasbro rationale, "When the child gets to be five or older, the best results are achieved by advertising directly to the child. Toy purchases are 80 to 90% child initiated," he added. "There is such a vast quantity of products on the market right now that parents are bewildered and are prompted in their purchases by what the child wants."

Owen also had some thoughts on the difficulties faced in introducing new toys to market. "It's getting more involved for a new toy to be introduced and successful now. To introduce a new toy now, you must include two new elements in the marketing mix: tv specials and licensing.

"Whenever we introduce a major category, such as Charmkins, My Little Pony or G.I. Joe, they get extensively licensed. The profits aren't plowed back into advertising directly."

Hasbro also does trade advertising, and this year, has plugged its Charmkins tv special and G.I. Joe series.

Conclusions

Advertising toys and games is clearly an environmentalist proposition. Not only must toy advertisers get themselves into a tightly limited time period when children are watching,

Fractionals are used by Mattel to show the life cycle of its Say'n Say talking toys.

Six steps to kindergarten.
The cow says "mooo."
Lion. L
Jack and Jill went up the hill...
Say hi to the panda bear...
Two brown bears... Dum-de-dum.
I'm a toymaker...
Each See 'n Say, in its own way, teaches your child something new and important. From the ABC's to nursery rhymes to the sounds of his or her favorite animals.
Kids laugh'n learn with See 'n Say talking toys.

The licensing game in toys

Licensing, one of the major modes of product awareness in the toy business, can be confusing. Its long and short term aspects have been explained by Murray Altchuler, Licensing Corporation of America.

"There are two basic types of licenses — those we call the short term, the 'comet,' the one-time movie blockbusters, and the long-term property, with reasonable perpetuity.

"Licensing is the borrowed interest a property gives a product or service. Today, the definition has changed a little bit because there have been created properties that didn't start with borrowed interest. Basically, the question should be, what is the perceived value of the property, and one of the perceived values is 'branded image.'

"It's easier to get a branded image with Strawberry Shortcake (a currently popular toy) than trying to get a branded image from scratch. What makes it long-term is solid, continuing media focus, keeping that property in the eyes of the public.

"If it's a one-time movie with an $8 million promotional budget running for six to eight weeks and that's the end of it, obviously, this type of property is a potential one-time blockbuster. Mickey Mouse doesn't have this kind of a graph, but does have a continuing wave of media exposure and there is an understanding and positioning as a known property and it's there because there is media exposure. There are scores of such properties.

"We have come to recognize that a four year cycle exists. About every four years there is a new group ready to replace the previous group in each age category. This creates a rebirth and new marketing opportunities for staple properites."

Long copy is used by Fisher-Price to get the message across about the educational value of its toys.

they are discovering they must in many cases, create their own media vehicles.

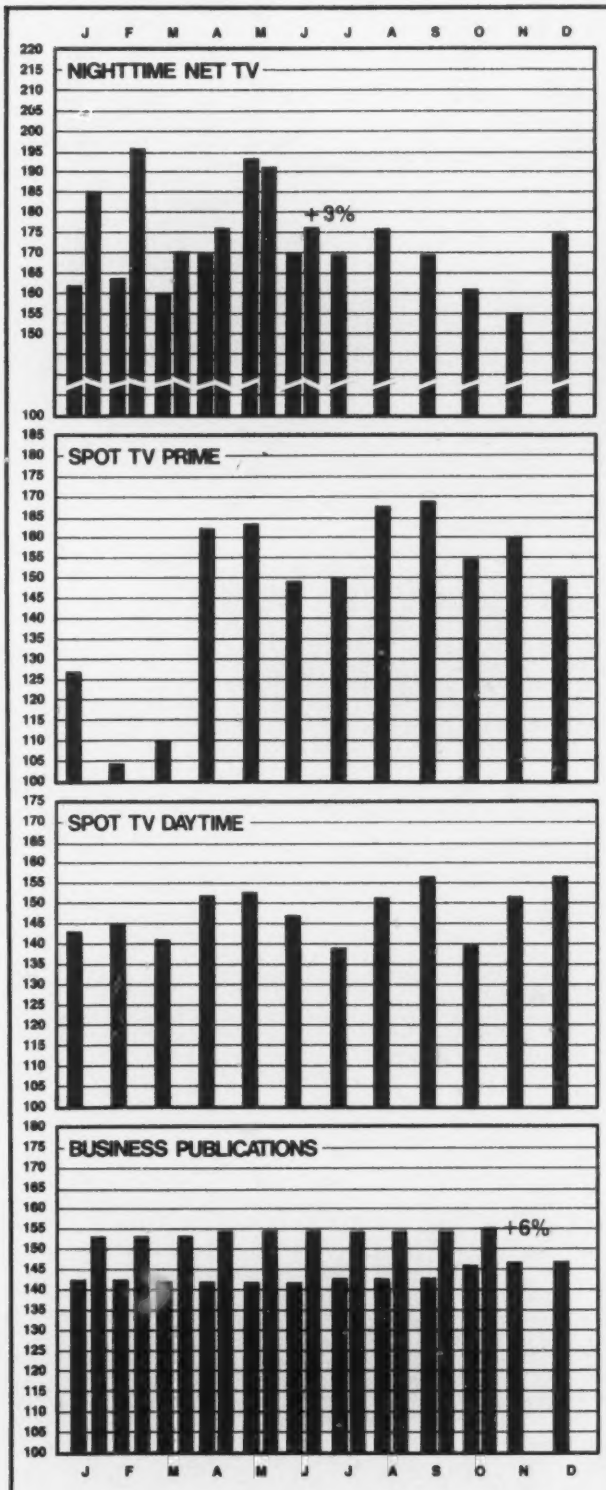
Dan Owen, vp, marketing, Hasbro, notes that introduction of a new toy line requires the creation of a television special to showcase the concept and line. In fact, the toy, if a personality figure, as so many are, needs a media vehicle to present that personality as having a life of its own.

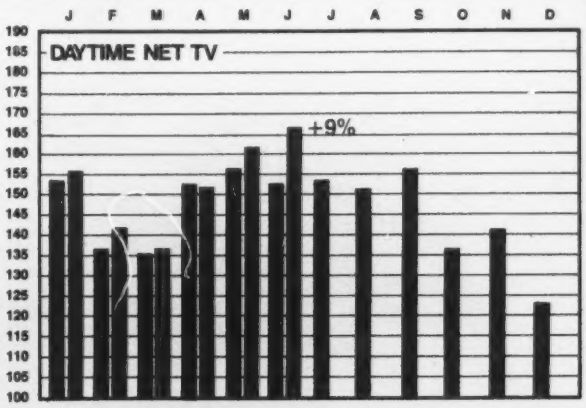
Nowhere in marketing is the creating of fantasy as supportive of the product concept so important as it is in the toy field.

Other marketers should observe well how toy advertisers integrate the product concept and the accompanying media vehicle. It makes the medium and the message one and the same, as Marshall McLuhan observed 15 years ago. *Fred Gardner*

MEDIA COST INDEX

Black bars index for 1982; color bars 1983; base year 1977





The Cost Index shows comparative data for nighttime network and daytime tv, magazines, newspapers, supps, network radio and outdoor posters. With this issue, updated data is available for spot prime and daytime tv. Data for spot radio is still unavailable.

Data for **spot tv prime** comes in on a new index base because of a redefinition of day parts, starting with January pegged at 156, a recalibration from previous information on 1982's cost barameter. Data for **spot daytime** shows prices up 3% over the previous June.

Figures for **nighttime network tv** show prices recouping after a very soft second quarter, but still managing only a 3% rise over June 1982. **Daytime network tv** gathered considerable strength as the quarter ended, with a 9% boost.

September data is the most recent for **outdoor posters,** which slacked off from an earlier 10% gain, falling to 6% over 1982. Fluctuations in **consumer magazine** prices were minimal, as the index shows a 6% gain for August from 1982, down 1% from July.

Newspapers rolled up another 11% increase over last year in September, building on the 10% gain that held steady throughout the year. (Chart not updated.)

Supplements, after a strong price roll upward in August and September, fell back slightly from 19% to 15% in October.

Business publications posted a 6% gain in October, dipping from the 8% gain of the previous three months.

Network radio, as of June, showed some momentum with a 4% increase after bottoming out in the second quarter with just a 2% gain.

MEDIA COST INDEX (continued)

Black bars index for 1982; color bars 1983; base year 1977